

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7164

Joint Petition of CTC Communications Group,)
Inc., CTC Communications, Corp., Lightship)
Telecom, LLC and Choice One)
Communications, Inc., for Approval of a)
Transfer of Control)

Order entered: 5/18/2006

I. INTRODUCTION

On February 24, 2006, CTC Communications Group, Inc. ("CTC Group"), CTC Communications, Corp. ("CTC"), Lightship Telecom, LLC ("Lightship"), and Choice One Communications, Inc. ("Choice One") (together the "Petitioners"), filed a Telecommunications Merger and/or Acquisition Request for Approval Form ("Application") requesting authority from the Vermont Public Service Board ("Board"), pursuant to 30 V.S.A. § 107, for approval of the transfer of control of CTC and Lightship resulting from the merger of their common parent corporation, CTC Group, with and into Choice One.

On April 14, 2006, the Vermont Department of Public Service ("Department") filed a letter with the Board recommending the Board approve the transfer of control because the proposed transaction would not detrimentally impact Vermont consumers or cause them inconvenience or confusion. The Department further recommended the Board approve the Application without further investigation or hearing.

The Board has reviewed the Application and the accompanying documents and agrees that approval should be granted without hearing.

II. FINDINGS OF FACT

Based upon the Application and accompanying documents, we hereby make the following findings of fact.

1. CTC was issued a Certificate of Public Good (CPG No. 378) to provide telecommunications services in Vermont on January 6, 1998. The CPG was subsequently

amended to allow service to the local exchange in Docket No. 6023 on April 2, 1998.

Application at Exh. A; CPG No. 378.

2. Lightship was issued a CPG to provide telecommunications services in Vermont in Docket No. 6238 on August 27, 1999.

3. Pursuant to an Agreement and Plan of Merger, CTC Group, the parent company of Lightship and CTC, will merge with an into Choice One with the surviving entity becoming the new parent company of CTC and Lightship. Application at 1.

4. Following the transaction, both CTC and Lightship will continue to operate under their respective current names and tariffs. Accordingly, the transfer will not cause any inconvenience for Vermont consumers. Application at 1-2.

5. The proposed transaction will promote the public interest by allowing CTC and Lightship to operate more efficiently and compete more efficiently in the telecommunications market and will help ensure the continued existence of telecommunications competition in Vermont. Application at 3.

III. DISCUSSION

The proposed transaction requires approval by the Board under 30 V.S.A § 107. This statute conditions approval of a proposed transfer of control upon findings that the transfer of control will promote the public good (30 V.S.A § 107). This standard is met in this case.

Under 30 V.S.A. § 107(a), "[n]o company shall directly or indirectly acquire a controlling interest in any company subject to the jurisdiction of the [Board] . . . without the approval of the [Board]." "Controlling interest" is defined as "ten percent or more of the outstanding voting securities of a company" or such other interest as the Board determines "to constitute the means to direct or cause the direction of the management or policies of a company." 30 V.S.A. § 107(c)(1).¹ In order to approve the acquisition of such a controlling interest, the Board must first find that it will "promote the public good." 30 V.S.A. § 107(b).

1. The statute also provides that "[t]he presumption that ten percent or more of the outstanding voting securities of a company constitutes a controlling interest may be rebutted by a company under procedures established by the board by rule." 30 V.S.A. § 107(c)(1).

After reviewing the Application, we conclude that 30 V.S.A. § 107 applies because the transaction contemplated will result in CTC and Lightship becoming wholly-owned subsidiaries of a newly created entity. We further conclude that the transfer of control will not affect the services that Lightship and CTC currently provide to customers in Vermont. Both companies will continue to offer service at the same rates, terms and conditions. The proposed transaction will also allow CTC and Lightship to operate more efficiently, which may, in turn, result in enhanced competition among providers of telecommunications services in Vermont. The resulting transfer of control, therefore, will promote the public good. For all of these reasons, we conclude that the proposed transaction meets the standards set forth in 30 V.S.A. § 107 and should be approved.

IV. CONCLUSIONS

The transfer of control of CTC and Lightship should be approved because the transaction will promote the public good of the State of Vermont and will not result in obstructing or preventing competition. 30 V.S.A. § 107(b).

V. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The transfer of control of CTC Communications, Corp., will promote the public good and, therefore, is approved.
2. The transfer of control of Lightship Telecom, LLC, will promote the public good and, therefore, is approved.
3. Petitioners shall file a letter notifying the Board of the completion of the transaction within one week of such completion.

DATED at Montpelier, Vermont, this 18th day of May, 2006.

<u>s/James Volz</u>)	
)	PUBLIC SERVICE
)	
)	BOARD
)	
)	OF VERMONT
<u>s/John D. Burke</u>)	

OFFICE OF THE CLERK

Filed: May 18, 2006

Attest: s/Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us).

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.